

CANADIAN RECIPROCITY UNDER THE ADMINISTRATION
OF WILLIAM HOWARD TAFT

by

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PREFACE

Reciprocity has been in the foreground of political and economic thinking of the American continent for a number of years. An economic depression and the erection of prohibitive tariff barriers led to minor tariff wars between many countries. Not least of these was the difficulty between the United States and Canada which followed "on the heels" of the Smoot-Hawley Tariff. The difficulty was partially solved through the reciprocity agreement which was signed on November 15, 1935 and superseded on November 17, 1938 by a revised agreement.

The idea of these agreements in 1935 and 1938 was not spun in a vacuum. A Democratic party placed a reciprocal agreement on a free trade basis into operation with Canada in 1854. It was abrogated in 1866. In 1911, a Republican president, William Howard Taft successfully led a coalition of Democrats and Republicans to vote on reciprocity legislation on a protective basis. Canada rejected this offer. The defeat of the bill did not crush the idea for it was to reappear in 1935 and 1938. The similarity of the contents and stated duties of the 1911 and 1935 agreements should be noted in any study of Canadian reciprocity.

Another motive for making a study of the proposed reciprocity of 1911 with Canada was that this proposal was the main and independent legislation of President Taft during his term in office. It was a proposition which grew out of economic and political difficulties in the United States.

Indebtedness is acknowledged to Professor A. Bower Sageser. It was through his patient guidance and painstaking scholarship that this thesis was written.

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CHAPTER I

INTRODUCTION

The Canadian-United States reciprocity proceedings of 1911 were a segment in the long tariff history of the United States. Reciprocity as a political expedient has its origins hidden in the history of mankind. It came into use in the United States early in the nation's history. A definition of early American reciprocity included the meaning of "giving and receiving mutually." By 1911, however, reciprocity was used by a Republican party to include the meaning of "giving in order to hold on to the most of what you have." Reciprocity in the last decade of the nineteenth century and in the first decade of the twentieth century became a method of maintaining protective tariff. The cry against the rising cost of living and against the shortage of raw material was blamed on the high protective tariff. Reciprocity seemed to be a means of quieting that cry if it would open new markets.

The reciprocity proceedings of 1911 might be called a forecast of the great panic in 1929. By 1911 the continent of the United States had been conquered and exploited. The farmers were in danger of becoming mere peasants, and industry was absorbing women and children.¹ The concentration of wealth and machinery made a quantitative producing basis inevitable. This called for more markets and more raw material. The very concentration of industry lent its support to monopolistic tendencies which in turn maintained high prices under the protection of tariff. The leaders of the nation in 1911, aware of the unrest of the people over economic conditions, looked to reciprocity with Canada as a partial solution to their problems. Canada would

¹ Samuel E. Morison and Henry S. Commager, The Growth of the American Republic (New York, 1930,) II, 355.

furnish raw materials, a new market, and cheaper food.

This was but one attempt to "patch up" a decaying system. Finally the old structure of economic life could stand no more, and in October 1929, the great depression occurred. It was the crash of a system built on concentrated wealth, an expanded industry for quantitative producing, and an ever-increasing-non-goods-producing class of people.²

The 1911 Canadian-United States Reciprocity proceedings occurred when one nation, Canada, was gradually shutting its doors to the idea of mutual tariff benefits with her southern neighbor, the United States. On the other hand the southern neighbor was just beginning to open its doors to the idea of reciprocity with Canada.

One of the first notable instances of early reciprocity in American history occurred during the administration of President Andrew Jackson. He authorized his Secretary of State, Martin Van Buren, to repudiate former President John Quincy Adams' policy with England concerning the West Indies, in order to gain access to the West Indies' trade for American shipping.³

The first reciprocal agreement in treaty form however, was signed in 1854 with Canada by a Democratic Congress. This treaty lasted eleven years. It was a movement toward a free trade basis similar to the treaty attempted in 1911.

The next reciprocal move of importance was made by a Republican Congress with Hawaii in 1875. Raw sugar was to be imported duty free from Hawaii to the United States along with other natural products in return for like treatment of the United States' products into Hawaii. This treaty was made more from a state motive than an economic motive. The United States was contemplating

² Charles A. Beard and George E. Smith, The Old Deal and the New (New York, 1940), 47.

³ Thomas A. Bailey, A Diplomatic History of the American People (New York, 1940), 130-132.

annexing Hawaii; this treaty prevented foreign powers from planting their interests in Hawaii. In the renewal of the 1875 treaty in 1884, it was stated that Hawaii would not give these reciprocal privileges to any other country.⁴

The treaty of reciprocity with Cuba in 1903 gave the United States a preferential tariff with Cuba. The United States gave a 20 percent reduction to Cuban imports and Cuba gave the United States from 25 to 40 percent reduction on manufactured commodities and food products. These treaties of reciprocity with Hawaii and Cuba were a type of "most-favored-nation" treaty.

The reciprocal agreements made during the Harrison administration were negotiated and put into effect by Presidential proclamation under the provisions of the Mc Kinley Tariff Act. Section 3 of that Act pertained to reciprocal relations with other countries. Secretary of State Blaine, looking toward Latin American trade, was responsible for its creation. Sugar, molasses, coffee, tea, and hides were placed on the free list of the Mc Kinley tariff, but the President could suspend their free entry into the United States whenever such countries that exported these enumerated goods imposed unreasonable duties upon American goods.⁵ It was reciprocity by the threat of retaliation. Germany, Austria-Hungary, and many countries of Latin America accepted this form of reciprocity and accorded the United States their best tariff treatment.

The scheme of Blaine as incorporated in the Mc Kinley tariff is open to criticism. Instead of retaliation being made the inducement to reciprocity, the hope of preferential treatment should have been made the basis of reciprocity. Sugar, molasses, coffee, tea, and hides should have been made dutiable, and the President authorized to admit them free by proclamation when

⁴ John Ball Osborne, "Reciprocity in the Tariff History of the United States." The Annals of the American Academy of Political and Social Science (Philadelphia, 1904), XLIII, 55-83.

⁵ Ibid., XLIII, 64.

imported from countries extending fair treatment to American goods. It would have avoided diplomatic friction and the legal punishment of Haiti, Venezuela, and Colombia, upon whose raw sugar and other enumerated products President Harrison was forced to impose duties in 1892.⁶

The Wilson tariff of 1894 abrogated these commercial arrangements of the Mc Kinley Tariff. The framers of this tariff blamed reciprocity for the industrial depression and for lack of growth in foreign trade. However, official statistics show the benefits which came from the three years of reciprocity. The exports to Latin America rose from \$90,000,000 in 1891 to \$103,000,000 in 1893, and then fell to \$88,000,000 in 1895, after the Wilson tariff was enacted. The exports to Cuba from the United States rose from \$12,000,000 in 1891 to \$24,000,000 in 1893 and fell to \$12,000,000 again in 1895.⁷ Thus, in spite of the industrial depression and trade discouragements, the results of reciprocity were quite favorable.

The Dingley Tariff of 1897, combined the principle of reciprocity of Mc Kinley's Tariff with some new features, which were contained in Sections 3 and 4. In this tariff certain articles of merchandise were selected and the President was authorized to reduce, by proclamation, the regular duties to concessional duties when imported from countries which granted the United States reciprocal concessions. By this treaty the United States received France's entire conventional tariff which had been created by a series of reciprocal treaties concluded with her European neighbors.⁸ Under the Tariff of 1897, the exports from the United States to France increased from \$60,000,000 in 1899 to \$78,000,000 in 1901, and the exports to Germany increased from \$155,000,000

⁶ *Ibid.*, XXIII, 67.

⁷ *Ibid.*, XXIII, 66.

⁸ *Ibid.*, XXIII, 70.

in 1891 to \$191,000,000 in 1901.⁹ Reciprocity under this act was limited to a few countries due to the limited number of enumerated articles. However, these enumerated articles were competitive imports for the first time in Republican history of tariff making.

It is interesting to note that reciprocal treaties, when submitted for Senate ratification have failed far more often than they have been adopted, while reciprocity by presidential proclamation has almost always succeeded.

The Payne-Aldrich Act of 1909 brought the experiment of reciprocity under the Dingley Tariff to an end. The "Standpatters", representing business interests, succeeded in maintaining high protective duties despite the expected Republican revision downward. President Taft approved the Payne-Aldrich Tariff Act and brought down upon himself the wrath of the Progressive element in the Republican party.¹⁰

The setting for the Canadian story of the 1911 reciprocity proceedings began in 1854, when a Conservative Canadian government under Lord Elgin made a treaty with the United States which gave the United States fishermen privileges in Canadian waters and established free trade on a number of articles. This treaty was of great benefit to Canada. It gave a strong impetus to general manufacturing; chemicals, locomotives, wagons, agricultural implements, cotton and wool materials, cutlery, glassware, railroad supplies, iron and steel.¹¹ Farmers also prospered by selling their goods such as barley, dairy products, and wheat to the people of the United States. Canadian farmers sold their products in United States markets and then invested the money in Canadian manufactures and Canadian railroads. When the United States cancelled the treaty in 1866, it hurt some Canadian economic processes. Lumber sales fell

⁹ *Ibid.*, XXIII, 71.

¹⁰ Frank W. Taussig, The Tariff History of the United States (New York, 1923), I, 401.

¹¹ Albert S. Bolles, Industrial History of the United States (Norwich, Conn. 1879,) I, 933.

off, and agricultural prices slipped downward. Likewise it hurt Canadian pride.

Canada soon entered upon a policy of tariff retaliation designed to regain the markets of the United States. When the first attempt to win the American markets failed Canada was forced to seek means of self-sufficiency. This gave rise to the "National Policy" which was supposed to make Canada free from dependence upon any country, particularly the United States. As soon as this policy of isolation was fixed, Canada, from all outward appearance, became indifferent to any trade relations with the United States until internal problems compelled a liberal government to raise the old issue of reciprocity as a way out of these difficulties.

But with all this apparent contentment with self-sufficiency, Canada tried several times to quietly restore reciprocity with the United States. In 1871 the American-Angle Treaty provided for the reopening of fisheries to the United States. By 1885 the United States had abolished that part of the treaty so that the Canadians used the method of lessening fish duties if the United States would reduce levies on fish imports from Canada.¹²

During 1874 the Canadian government carried on negotiations for a formal treaty with the United States through George Brown and Hamilton Fish, Secretary of State during President Grant's administration. This time the treaty was in favor of American manufacturers who were against the treaty of 1854 because they did not have access to Canada's raw materials and markets. The treaty was to last 21 years after which it could be stopped by a three year's notice. It was rejected by the American Senate in the same year. Up to 1873, Canada, helped by the reciprocity of 1854 and the American Civil War, had reached a high stage of economic activity. She was growing 80,000,000

¹² Lewis E. Ellis, Reciprocity, 1911 (New Haven, 1939), 169.

bushels of grain, producing 15,000,000 gallons of petroleum, milling 200,000,000 cubic feet of lumber, mining 800,000 tons of coal, catching \$12,000,000 worth of fish, manufacturing \$250,000,000 worth of merchandise, and exporting \$89,000,000 worth of commodities.¹³ It was imperative for a nation of a small population to find outside outlets for its goods.

The Canadian Conservatives of 1891 went to Washington the next year, 1892, to again propose reciprocity. But they were repulsed by James Blaine's announcement that the United States would not deal on any other basis less than free trade in manufactured and natural products plus a front against other countries. The Conservatives refused such an offer as they were committed to protection, perhaps learned from the tariff schedules of the United States. Moreover, Canada was not prepared to present a united front against other countries, especially England. In 1860 England had no desire for Canada either politically or economically but by 1890 she had again taken on protectionist sentiments which gave Canada hope for some kind of an inter-colonial exchange in tariffs.¹⁴ However, the main objection to Blaine's demand was that concerning protection. Canadian opinion had changed by 1890 from that of favoring reciprocity bordering on free trade to that of reciprocity in natural products which was a form of protective tariff.

The Canadian Conservatives through Sir John Mac Donald became the champions of protectionism and as the years went on the protected industries and other guarded interests linked up with this party to carry on a program known as the "National Policy." This was a policy which was conceived for the purpose of promoting the interests of Canada, stopping emigration, preventing Canada

¹³ Albert S. Bolles, *op. cit.*, I, 932.

¹⁴ George W. Brown, The United States And Canada (New York, 1921), 120-132.

from being a dumping ground for goods, favoring inter-provincial trade, and encouraging other countries to give reciprocity in return for Canadian farm goods and fisheries.

During these years of protectionism there was growing in Canada a tariff-nourished group of industrialists who had far and wide connections. This was the group which Sir Wilfrid Laurier, the Liberal Prime Minister, and his followers joined in 1896 after being elected on a low-tariff platform--a symbol of Canadian hopelessness in gaining American markets in reciprocity.¹⁵

The next year when the United States passed the Dingley Tariff the rates were so high that it made Canadian exports to the United States almost prohibitive. In retaliation, Canada passed a tariff in 1887 which gave preference to the United Kingdom's products. Furthermore, she built a schedule in 1906 which was composed of three different rates. The highest rate was placed in force against the products of her southern neighbor. This was the situation in Canada when the United States suggested reciprocity in 1910.

¹⁵ Ellis, op. cit., I, 32.

CHAPTER II

CANADA AND THE ATTEMPTED RECIPROCITY OF 1911

By 1910 the Liberal party led by Sir Wilfred Laurier of Quebec was the dominant party in Canada. This party had been in control since 1896 but in the early years of the twentieth century, it shook beneath the restlessness of various Canadian interests. Several embarrassing incidents in graft and inefficiencies were charged to the Liberals, particularly the testimonial gift of \$120,000 which a group of donors had given to William S. Fielding, Minister of Finance, and the parliamentary issue over the Canadian Navy which two years later drew the French Nationalist to the support of the Conservatives in their struggle against reciprocity.

Another factor to cause the Liberals sleepless nights was the discontentment of the Prairie Provinces. Between the years of 1900 and 1911 the Prairie farmers formed six federated associations which demanded a Grain Growers Association, adopted platforms favoring lower duties and reciprocity with the United States, requested government ownership of grain elevators and meat packing plants, recommended railroad legislation, and called for government backing of cooperative movements.

Reciprocity was further strengthened among the farmers by the fact that prosperity lagged in Ontario and the West. The farmer berated eastern banks, railroads, and grain elevators. As he became aware of the Montreal millionaires, the farmer realized that the high tariff was benefiting a privileged group of interests in manufacturing centers.¹ The West indeed was in an irritable frame of mind toward the government for it believed that the

¹ Carl Witke, A History Of Canada (New York, 1928), 265.

Liberals were linked with the Eastern industrial groups. All this discontent was bad enough for the Liberal party; it was a more serious threat because the prairies gained 27 seats in Commons by the 1911 census. As Sir Wilfred had not been West since he became Prime Minister it was decided that he should make a tour of the Western Provinces.

The question of reciprocity was not the main consideration of the farmers at the first stage of Laurier's tour. They were more interested in the government building or owning terminal elevators and constructing a railroad to Hudson Bay. Later, mention of reciprocity began to appear in various Grain Growers Associations which were urging the government to take advantage of the proffered reciprocity from the United States. Laurier started out with high hopes, but the farmers had organized their demands so that he was fairly bombarded with tariff questions. He side-stepped these questions by proposing a tariff board or by pretending he was only seeking information as to the farmers' wants. The farmers did not like the manner in which Laurier tried to side-step their demands. The Nation of February 2 spoke of an actual revolt among the Canadian farmers against high tariff. By the close of 1910, the Liberals were on the defensive which placed them in an unfortunate political position. Indeed it must have appeared to Laurier that he was facing embattled farmers. Sometime later in 1911, the farmers had an opportunity to compare the Conservative leader, Robert Borden, to Laurier. Borden was undisguised in his position when he toured the West. He told the farmers that he was against their demands for reciprocity but he pledged his support for their other reforms where Laurier had hedged.²

Some events must be considered which formed the immediate background of the proposal for reciprocity by the United States. The month of March, 1910,

2 The New York Nation, February 2, 1911. (Hereafter cited as Nation).

ushered in a disturbance in Canadian-American relations as the result of the maximum provisions of the Payne-Aldrich tariff act. It was only through diplomacy and cooperation that a trade war was averted. In 1906, Canada had established a triple-tariff schedule with an intermediate schedule which was below the general tariff level and which was to be extended to nations favoring Canada. This intermediate schedule was extended to France because France had granted minimum rates to Canadian exports. The problem now facing the United States was whether or not these Canadian concessions constituted discrimination against the United States. It was decided in favor of discrimination, therefore the Department of State approached the British Embassy with a request for a conference at Washington.³ The Canadian government sent word that it was willing to confer but wanted the conference at Ottawa. This was agreeable to the United States so Secretary of State, Philander C. Knox, sent Consul General J. G. Foster, Charles M. Peoper, Commercial Adviser to the State Department, and Professor Henry Emery of the Tariff Commission to Ottawa. It was the wish of President Taft that the group should get concessions from Canada by threatening to apply the maximum rates. Laurier and Fielding represented the Canadian view.⁴

The American group asked for the same concessions granted to France but Canada refused to admit that there had been any discrimination. The Canadian group would not surrender their tariff autonomy but they stated that they were ready to talk reciprocal trade exchanges.⁵ Canada was convinced that the United States could not impose the maximum rates under the Payne-Aldrich bill, and that the United States should grant concessions to

³ United States Tariff Commission, *Reciprocity With Canada*, 33.

⁴ *Ibid.*, 33. (Fielding was Canadian Minister of Finance and Laurier was Prime Minister of Canada).

⁵ *Ibid.*, 35.

gain the Canadian intermediate rates.

Thus the proceedings came to a standstill for neither country would grant the other's wishes. President Taft who was a "stickler" for law, felt he could not ignore the penalty of the Payne-Aldrich law. It seemed to Taft that the only way he could escape the imposition of the maximum rate was for Canada to offer to the United States a short list of articles on the intermediate schedule now given other countries. It would not need to include articles which were important to Canadian protected industries.

As Laurier was sick it was arranged through an unofficial intermediary, Dr. James Mac Donald, for President Taft to meet Fielding at Albany in February. They discussed the problem of enumerated rates on certain articles and they also touched on the question of reciprocity. It was agreed that Canada should grant the United States a list of commodities with lowered duties and the United States would not apply the maximum tariff rates to Canadian imports and would invite Canada to future parleys to consider reciprocity.⁶

During these discussions newspaper publishers of the United States brought pressure on the government of the United States to allow the free entry of pulp wood and printing paper from Canada in return for the removal of all Canadian restrictions on wood pulp exports. This was to bring pressure on certain Canadian provinces which had export restrictions on Crown land pulp wood, which in reality was only a very small part of Canada's pulp wood export. The Publishers' Association even threatened to lobby a separate special treaty in regard to pulp wood.⁷ Finally in May, the State Department approached Canada as to a time for discussing reciprocity. This approach was made through Lord Byrce, but he told the Canadian ministers that the United States

⁶ Henry F. Pringle, The Life And Times Of William Howard Taft (New York, 1939) II, 586.

⁷ Ibid., 586.

could not negotiate until fall. Thus the whole proceedings were delayed for several months.

It is interesting to note that the English Conservatives blamed Ambassador Bryce for his alleged share in the reciprocity proceedings as to show him in disfavor with the English position.⁸ By this time, England had again resumed protectionism under Joseph Chamberlain and was quite certain that Canada was needed in an inter-colonial tariff system. The organs of the English Conservative Party recognized that reciprocity between Canada and the United States would hinder their tariff-reform program.⁹ England, of course, wanted its manufactures to come into Canada under lower duties than those offered other nations, and promised that Canadian agricultural goods would receive special duties coming into England. Just how much pressure England brought on Canada is hard to determine. The English Conservatives did however debate in the House of Commons, on the platform and in the press concerning the reciprocity proceedings. They also appealed to Canada to wait until the imperial conference in May, 1911, and they pleaded for the Canadian Conservatives to defeat reciprocity legislation with the United States.¹⁰

Such pressure from England had its effect in Canada. In September, Fielding notified Knox that his government was ready to resume negotiations concerning reciprocity, but because of growing opposition it would be best for the conference to be held in Ottawa. Pressure was being brought upon Canada by the United States for an immediate conference by official negotiators, as a congressional election time, November 8, was drawing near. As a result, Pepper and Henry M. Hoyt, Counselor of the State Department, joined

⁸ Nation, November 30, 1911.

⁹ Ibid., March 12, 1911.

¹⁰ Edward Porritt, "Reciprocity Agreement," North American Review, CXCHII, 515.

Foster in Ottawa in November, where they conferred with Fielding and William Paterson, Minister of Customs.¹¹ The groundwork was now laid for a formal conference at Washington in January 1911. The Canadians pointed out, however, the difficulties of reciprocity; political troubles of the liberal government, growing power of the protectionist supporters, the imperialist sentiment, the indifference of the farmers, and the opposition of the manufacturing class-
es.¹² It was made clear to the Americans that pressure from the British Government and the Canadian manufacturers was figuratively tying the hands of the Liberals.

The conference of November ended with a discussion of what manufactures might be listed for lowered duties, and a \$2.00 rate for print paper was agreed upon. A compromise was reached in which the Americans changed from a position of demanding a comprehensive list of manufactures for lowered duties to a smaller list which would not antagonize Canadian manufacturers. Canada changed from her position demanding an absolute concession on natural products to a basis which included a few enumerated manufactures.¹³ It began to appear that the power of the Canadian manufacturer, who through his association had revised Canadian tariff upward, was more real than apparent.¹⁴

The final conference opened at Washington on January 7 and lasted until January 27. Knox, Pepper, and Chandler Anderson, represented the United States, while Fielding and Patterson spoke for the Canadian government. An agreement was finally reached on the sixteenth day of January, which included:

(1) An identical free list of natural products. This list contained mostly agricultural products--wheat, rye, oats, barley, buckwheat, corn, hay, fresh

11 New York Herald, November 7, 1910.

12 Pringle, op. cit., 587.

13 Lewis E. Ellis, Reciprocity, 1911 (New Haven, 1939), 60.

14 Ferritt, op. cit., 521.

vegetables, fresh fruits, dairy products, eggs in the shell, seeds; all kinds of fish, fresh, frozen, salted, or preserved, except fish packed in oil; salt; mineral water; live stock; and a few other products. (2) A list of both natural and manufactured articles which would carry the same levies by both United States and Canada, including secondary food products such as meats, flours, canned vegetables, and brans. (3) A list of products on which the United States would charge a higher duty than Canada, such as aluminum (crude and plate), shingles, lath, iron ore, and sawed boards. (4) A list of products on which Canada would charge a higher duty than the United States, such as soft coal, fruit trees, cement, and a few others.¹⁵ The percentage of reduction in duties by the United States ran all the way from a 7 percent in sanitary fixtures to a 83 percent reduction in fresh meats.¹⁶ (5) The United States would give free duty to newsprint paper and other paper, if the Canadian provinces would remove restrictions on the exportation of pulp wood. Fielding and Paterson could not promise the removal of such restrictions because of the autonomous character of the provincial governments which control such restrictions.¹⁷ However, the publishers in the United States soon recognized their opportunity in this arrangement. A tariff wall against products of the Crown Lands which had the restrictions could be maintained but the same products could be imported duty free from private lands not having those restrictions.¹⁸

The lowered duties did not satisfy many people besides the publishers of the United States. Canadian farmers did not get their desired reciprocity or even lowered duties on agricultural implements for the duties ranged from

¹⁵ Senate Doc., 61 cong., 3 sess., No. 787, 12-51.

¹⁶ Ibid., 52-56.

¹⁷ Ibid., 2.

¹⁸ The Crown Lands were lands which were owned and controlled by the provinces.

15 percent ad valorem on plows to 22½ percent ad valorem on farm wagons. Neither did the manufactures of the United States get the Canadian markets that they had anticipated, seemingly at the expense of Canadian manufacturers. Under the plan, clocks were to have a 27½ percent ad valorem, motor vehicles were to have a 20 percent ad valorem, musical instrument cases were to have a 30 percent ad valorem, cutlery was to have a 27½ percent ad valorem, canned meats were to have a 20 percent ad valorem, and many other manufactured products were to be dutied in a similar fashion.¹⁹

Opposition to reciprocity within the Canadian House of Commons was led by Robert Borden, the Conservative leader. Beginning in May, the Conservatives proceeded cautiously, and within a short while they were receiving support from the manufacturers who expressed fear lest reciprocity should weaken the imperial tie with England. At any rate, they said, the United States would probably reduce the tariff in the near future. All that summer the Canadian Manufacturers' Association attacked reciprocity through their journals, and in the fall the newspapers were prepared for the main fight. The Toronto News, The Toronto World, and the Montreal Gazette, published the views of the protectionist faction, while the Toronto Globe cited the views of the low-tariff advocates.²⁰ The Canadian Manufacturers Association which had 2600 members in 9 provinces also made efforts to turn the Prairies against reciprocity, and certain individuals began to give reasons purported to show that Canada would be injured by such a trade agreement with the United States.²¹ Thus even before the agreement was reached in January 1911, many convincing arguments were in circulation. The newspapers had little comment on the proceedings before January because they were being carried on in secrecy.

¹⁹ Senate Doc., op. cit., 12-51.

²⁰ Ellis, op. cit., 73. (Toronto News, Feb. 14, said reciprocity meant depression).

²¹ Nation, August 10, 1911.

Fielding's announcement of the agreement in the House of Commons shook the Conservatives considerably due to the liberality of the concessions made by the United States.²² Robert Borden replied for the Conservatives by saying that Canada's position as an important nation of the British Empire would be endangered by such an agreement. Over the week-end the Conservatives moved among their territories, heard arguments, received telegrams, and then returned to the Commons prepared to fight reciprocity. They were now backed by transportation interests, agricultural implement manufacturers, fruit growers, and various boards of trade.²³ The Conservative debate was to proceed from economic reasons why reciprocity should be rejected to appeals for racial feelings and super-patriotism. Among other arguments were these: reciprocity would move American branch factories back to the United States; reciprocity would deflate Canadian forests; Canadian railroads running east and west would be injured by a north-south trade relation; reciprocity would be determined by American prices therefore Canadian prices would be raised; and reciprocity would wreck England's tariff reform. The two arguments to become so prominent in later debates were that reciprocity meant annexation of Canada to the United States, and that the French Canadians would be treated as were the people of the Louisiana territory in regard to the French language. This statement concerning the French Canadians was meant to be a slur on the Liberals' administrative record.²⁴

The Liberals were occupied with answering the arguments of the Conservatives and had little time for positive assertions. Their principle argument was that the United States would furnish a much larger market for products from all over Canada.

22 Henry Borden, "Robert Laird Borden: His Memoirs," Canadian Historical Review, XI, 58.

23 United States Tariff Commission, op. cit., 35.

24 Pringle, op. cit., 597.

Debate opened in February in the Parliament and lasted until the first part of May. The Conservatives changed from economic arguments to political arguments which involved the nation's autonomy and Imperial relationships. One of Borden's chief arguments was, "Why not let well enough alone?"²⁵ Parallel in importance to the debate was Champ Clark's indiscreet remark which was telegraphed to Canada, "I am for this bill because I hope to see the day when the American flag will float over every square foot of the British North American possessions, clear to the North Pole."²⁶ This remark greatly helped to spread the propaganda of the Conservatives that reciprocity meant annexation.²⁷ Moreover, it was the inspiration to many cartoonists who depicted Champ Clark in an attempt to annex Canada to the United States. Other artists took Clark's remark as a cue and pictured the horrors of annexation.²⁸

The last of March witnessed the first real blow to the Liberal party. Clifford Sifton who as a Minister of the Interior had had so much to do with the development of the Prairie Provinces was removed. As a result there came the manifesto of the Eighteen Toronto Liberals in opposition to reciprocity.

Typical of the many debates held in Canada over the reciprocity ratification was the one held in Montreal on March 30 and 31st, 1911. Z. A. Lash, T. C. Casgrain, Professor Stephen Leacock, and Clifford Sifton debated Ralph Smith, W. S. Fielding, and Sydney Fisher. Lash said that Canadian trade should be with Great Britain. He closed his remarks by quoting from speeches and editorials in the United States newspapers which advocated the annexation of Canada by reciprocity. Leacock admitted the commercial advantage of such an agreement, but insisted this would not be worth giving up the British flag. Sifton discussed Canadian benefits from an agricultural and manufacturing

²⁵ Ellis, *op. cit.*, 145.

²⁶ *Congressional Record*, 61 cong., 3 sess., 2520.

²⁷ John W. Duffee, *Canada An American Nation* (New York, 1935), 105.

²⁸ *The Literary Digest*, March 4, 1911.

standpoint if reciprocity were rejected. He closed by referring to President Taft's speech concerning Canada "at the parting of the ways." Sifton then appealed to Canadians to defeat reciprocity. The Liberals argued from a defensive position, trying to answer arguments instead of proposing new ones.²⁹

April and May brought a new argument to light; "Why not let the United States act by herself in lowering tariff?" This was argued because of the sentiment displayed by the new Democratic majority in the United States Congress. Of this majority in Congress it was said that these Democrats were of all shades of opinion on tariff revision, from high protectionist down to free traders. There was considerable agitation against the high cost of living which would give the Canadians reason to think that the United States would eventually reduce the tariff.³⁰ Beyond that, the Insurgents were in control of Congress in opposition to the regular Republican Party.

The Conservative party was given great help when the United States Congress did not act on the reciprocity bill in the regular winter session. It was the plan of the Conservatives to obstruct any positive moves on the part of the Liberals and to hold Parliament in session until Laurier had to leave for the Imperial Coronation Ceremonies in England. This was accomplished and Parliament adjourned the first of May until July 18.

During these two months of recess, the Conservatives strengthened their arguments. Borden travelled over the Dominion talking to all parties about reciprocity. By July, the farm sentiment in Canada was divided. Those with earlier maturing crops disliked the idea of competing with United States farmers. The manufacturers were almost wholly opposed to reciprocity, while the railroads were divided in sentiment.³¹ As a result many Anti-Reciprocity

²⁹ Marion M. Miller, ed., "Reciprocity With Canada," Great Debates In American History (New York, 1913), XII, 452-457.

³⁰ New York Herald, November 1, 1911.

³¹ Pringle, op. cit., 597.

Leagues were formed.

Parliament again went into session on July 18. At once the Conservatives blocked the moves of the Liberal government through oratory and arguments. Eleven days later the Government called for an election to be held on September 21. The Conservatives had won in their fight for an appeal to a popular vote on reciprocity.³² They accomplished this by arousing racial feelings and political fears on annexation and the Canadian relationship to England. Moreover, they had promised to meet the Western demands for highway aid, agricultural education, rural mail delivery, the permanency of Canadian nationality and the adherence to England. The only demand refused was that of reciprocity which the Liberals had used as their sole appeal for support.³³

The Nation stated that the Conservatives were plainly preparing to make their issue on annexation. It was the best weapon that they could use, since it disguised the commercial argument of the Liberals that reciprocity would help Canadian economic interest.³⁴ The Nation also stated, "If the Canadian people are tired of Sir Wilfred Laurier...reciprocity will hardly save him. If they have no desire for a change on general grounds, reciprocity will hardly destroy him."³⁵

The Conservatives accused Americans of trying to buy votes for reciprocity. They pointed out that President Taft and William Randolph Hearst were seeking to deliver Canada to the United States. Some of the Conservatives' slogans used in Canada were these: "Empire or Continent, Which?" "Vote Against National Suicide," "A Vote for Borden is a Vote for King, Flag, and Country."³⁶ Consequently when election day arrived the issues at stake

³² Ibid., 595.

³³ Kills, op. cit., 166.

³⁴ Nation, August 3, 1911.

³⁵ Ibid., August 10, 1911.

³⁶ Wittke, op. cit., 299.

which were capitalised by the Conservatives seemed to submerge the issue of the commercial benefits of reciprocity.

The election returns of September 21 surprised even the most hopeful of the Conservatives. It indicated that Parliament would be led with Robert Borden as the next Prime Minister, backed by 133 Conservatives with only 85 Liberals in the opposition. Students of Canadian political party history were shocked at the election results. Some of them agreed on the following statements as reasons for such an upset in election returns: (1) Canada was enjoying prosperity under tariff protection, (2) opposition of ultra-Protestants in Ontario to a Catholic Prime Minister, (3) the superiority of the organization of the Conservative party over that of the Liberal party, (4) Canadian manufacturers plus the transportation interests were active in hostility toward the reciprocity program of the Liberals, (5) some Canadians feared that reciprocity would make for political union with the United States, while others harbored ill feeling toward the United States for rejection of earlier reciprocity attempts, (6) many people felt that a change of party would benefit Canada, and (7) the indiscreet remarks by American leaders.³⁷

It is difficult to pick out the primary causes which defeated the Taft-Fielding agreement. However, it seems that the following reasons are some of the foremost ones for the defeat of reciprocity with the United States. The first and primary reason seemed to be that the Canadians by the time of election really feared that reciprocity with the United States would endanger their relationship to the British Commonwealth. This fear was not present when the reciprocity proceedings first began. The Conservatives managed, however, to plant this fear firmly in the hearts of the Canadian people before election time. To understand Canada it must be realized that more than any other

³⁷ Ibid., 270.

country in the world, Canada is the result of political and not economic forces.³⁸ Then too, English Conservatives led by Joseph Chamberlain were anxious to see the negotiation between Canada and the United States break down because England wanted an imperial preferential tariff system.³⁹ This danger to the Imperial tie was the issue which the Conservatives carried to the country--an issue which clouded the economic arguments for reciprocity.⁴⁰

The second reason for the defeat of the reciprocity agreement was due to the traditional Canadian fear of American expansion northward. The descendants of the Loyalist group which fled to Canada after the American Revolution still harbored this earlier hatred and grudge against anything American when it was contrasted to any English similarity. In fact, it was this feeling against the United States which became the basis of welding the Canadian provinces into a nation.⁴¹ The feeling generated by the story of the sufferings of the Loyalists at the hands of the Americans helped to create a definite traditional, Anti-American emotion which was implanted in Canadian school-texts.⁴² This fear of annexation was increased by the comments of the leaders of the United States. One writer goes so far as to say that the blows which killed reciprocity were the remarks about annexation made by these American leaders.⁴³ England was also playing on Canada's fear of annexation. The London Standard said that reciprocity was more than a commercial issue for it was a step toward political union.⁴⁴ Throughout the campaign Conservative orators and Conservative controlled newspapers rang loud the charge that

38 Dufos, op. cit., 119.

39 British and Colonial Printer and Stationery, Jan. 23, 1903.

40 The Daily Mail reflected a growing spirit of British nationalism during 1910. Many editorials quoted letters from Canadian citizens who extolled the Imperial tie with all its glory.

41 Dufos, op. cit., 68.

42 George A. Brown, "The Durham Report and The Upper Canadian Scene," The Canadian Historical Review, XX, 152.

43 Dufos, op. cit., 105.

44 New York Tribune, November 3, 1911.

reciprocity meant annexation.

Another motive for Canada's rejection of reciprocity, and an important one, was that desire for party change which seems to haunt every party that is in office over a long period of time. As it has been pointed out, the Liberals had been in office for almost fifteen years, and the opposing party had had time to conjure charges of corruption and scandal. Many voters felt that a change of party would bring fresh ideas and new leadership to Canada and that such a change would be beneficial to the nation in commerce and politics. Then too, during those fifteen years events had transpired to throw unfavorable light on the record of the Liberal party. The Naval Bill which brought on the charge of "imperialistic designs" by the Nationalists, and the neglect of the Prairie provinces which gave the Conservatives a hearing in those provinces, are examples of those events.

The last cause for the defeat of the Taft-Fielding agreement to be mentioned here, was due to the business interests of Canada which resisted the American sentiment.⁴⁵ The National Policy and Canadian business had grown up together. Protection meant too much to the business interests to be given up, especially to transportation interests, bankers, packers, millers, and brewers. The industrialists were able to organize quickly and effectually to combat this proposed breach in their tariff wall. Liberal leaders did not realize the widespread resistance which those business interests were able to muster. George E. Foster seemed to sense this antagonism for he wrote before election time that the agreement would be defeated because of it, through boards of trade, Fruit Growers' Associations, business and banking concerns, and Anti-Reciprocity Leagues, which were able to swing

⁴⁵ Dufor, op. cit., 105.

provincial legislatures their way and to hide the economic advantages of reciprocity behind the cloak of patriotism.⁴⁶

The viewpoint of the business interests toward reciprocity was forcibly expressed in the words of Mr. Foster.

"Your newspaper men want cheaper pulp, your millers cheaper wheat, your packers cheaper stock, your railroads more freight, your manufacturers cheaper raw material, your consumer cheaper food, ...cut your tariff and you can have them."⁴⁷

What Canada sacrificed in an economic way for a political bogey was seen from a study of imports and exports between the United States and Canada. This study revealed a disproportionate increase of imports over exports through the years of 1910-1913.

Canada ran true to form in the election of 1911. No general election was ever held without an attempt by the party on the right to make political use of an anti-American sentiment--a policy most notable in the reciprocity campaigns of 1891 and 1911.⁴⁸ It was a political expedient which worked exceedingly well.

46 George E. Foster, "Reciprocity Agreement From A Canadian Standpoint," North American Review, CXCI, 663-671.

47 Ibid., 671.

48 Dacey, op. cit., 92.

CHAPTER III
THE UNITED STATES
AND THE PROPOSED RECIPROCITY OF 1911

The story of the 1911 reciprocity proceedings in the United States has its beginnings in the period after the Civil War. The victorious Union party of 1864 was committed to a protective tariff which gradually grew into high protective features of the McKinley Tariff of 1890, and the Dingley Tariff of 1897, until protection became a symbol of patriotism. Imperialism combined with domestic issues and politicians' foresight to keep away from the tariff issue kept high protection mainly in the background until the early years of 1900. In these years a restlessness came more and more to the surface among the people of America. The cry of "high cost of living" made itself heard; the cost of land was too high; labor prices were too high; lumber and building materials were rising in price; food was soaring in price; and livestock and farm crops were advancing to a higher price. It was said that the tariff increased the cost of imported goods by forty percent to the consumer, that it also raised the cost of producing goods, the cost of living, and the level of prices. Writers maintained there was a real injury in tariff because it made raw material too expensive.¹

Once this dissatisfaction was voiced it gathered momentum until Theodore Roosevelt in his message of December 2, 1907, said that the tariff laws should be carefully examined every so often and that the time to examine such laws should be immediately after a Presidential election.² The Republican platform of 1908 reflected Roosevelt's idea by advising a special session of Congress

1 J. Lawrence Laughlin, "The Increased Cost of Living," Scribner's Magazine, XLVII, 544.

2 L. E. Ellis, Reciprocity, 1911 (New Haven, 1939), 8.

to revise the tariff rates immediately after Taft's inauguration.

Apart from the public's general restlessness over the tariff, there were specific groups interested in reciprocity. To some, reciprocity meant political and economic advantage, to others it was a matter of theory--reciprocity would be a move toward free trade. Several examples of proreciprocity sentiment for economic advantages are easily seen. The National Association of Manufacturers held a National Reciprocity Convention at Washington in 1901. From 1902-3, a National Reciprocity League was maintained in Chicago; included among the directors were G. W. French, of the executive board of the Republic Steel and Iron Works, James Deering of Deering Harvester Company, C. E. Hoffman, a miller of Enterprise, Kansas, A. Karpen, President of the Karpen Furniture Company, and S. Calloway, President of the American Locomotive Company.³ The work of James J. Hill should be noted in this connection. He worked so ardently for tariff reform that Senator Borah referred to the railway builder as the real author of reciprocity in this country of late years. Borah further stated that Hill had furnished all the arguments in favor of reciprocity.⁴ Hill's interest in reciprocity can easily be seen when his railroad system is examined. Many branches ran to the Canadian border ready to assume the freight which he felt would pass back and forth from Canada and the United States as the result of reciprocity.

However, the best example of an interest in reciprocity for an economic reason, was the work of the American Newspaper Publishers Association in order to secure free newsprint. Newsprint paper was going down in price due to improvements in machinery and methods. The home producer who did not have recent machinery was really in danger of going out of business. These developments brought into being in 1898, the International Paper Company which absorbed

³ Ibid., 9.

⁴ Ibid., 9.

80 percent of newsprint production.⁵ It was then able to place certain conditions and higher prices on the publishers. In 1907, Herman Ridder, President of the American Newspaper Publishers Association, called this organization together and began a fight to reduce prices on newsprint. The organization petitioned Congress, the President, and the public for aid against the paper trust.⁶ Ridder was joined by John Morrie who became chairman of the Publisher's Association Committee on Paper, a lobbyist group. The campaign was amply financed by assessing five cents per ton on newsprint used by three hundred newspapers over the country. The first result of the Publishers' pressure was the investigation of the newsprint industry by the Mann Committee. The committee recommended free ground wood and a duty of \$2.00 a ton on newsprint. This proposal was included in the Payne Bill in the House, but the Senate raised the duty to \$4.00 a ton. The final price was \$3.75 a ton with the same rate on pulp with the provision that pulp would be admitted free when sent from a province which imposed no export restrictions. The bill further stated that a surtax of one-tenth of a cent a pound would be imposed upon any paper coming to the United States from a province restricting exports of print paper or wood pulp.⁷ It became necessary in August 1909, to impose a retaliatory duty of \$2.00 a ton on print paper that was made from wood cut on the Crown lands in Ontario and Quebec thereby raising the duty to \$5.75 per ton. This brought the wrath of the newspapers on President Taft. They claimed that the fixed \$3.75 a ton on newspaper forced the Quebec Province to prohibit the exportation of its pulpwood which would induce many American paper mills to move to Canada.⁸

⁵ The British and Colonial Printer and Stationery reported that in 1903 the American paper companies exported \$2,000,000 more of paper than they imported. Surely the paper companies were amply protected.

⁶ Ibid., 30.

⁷ United States Tariff Commission, Reciprocity With Canada, 47.

⁸ Ellis, op. cit., 34.

This charge by the newspapers as to the actions of the Province of Quebec was entirely misleading. The prohibition of the Province related only to wood pulp cut from Crown lands which furnished only a small part of the total exports in pulpwood. Then too, the International Paper Company had quantities of timber already cut in excess of immediate needs, which were exempt from restrictions.⁹

The so-called benefits of a high protective tariff were being undermined by forces who wished for various reasons to break down the Canadian-United States tariff wall. But it was the minimum-maximum principle of the Payne-Aldrich Tariff, effective after March 31, 1910, which opened a way for reciprocal negotiations.

William Howard Taft was President of the United States in the midst of troubled times. Tariff reform had been pledged by the Republican Party, Congress was in a turmoil as the result of the defection of the Progressives, a group from Mid-western farm states, from the President's party, Roosevelt's policies which Taft was to carry out were becoming burdensome, and there was a hostile press. Taft had also made some moves which were hard on his political fortunes; his action in the Pinchot-Ballinger controversy, his "Dollar-diplomacy," and his defence of the Payne-Aldrich Tariff measure, all helped to undermine his political career.

Taft's defense of the Payne-Aldrich Bill was the cue which reflected the feeling of disgruntled Republicans who called themselves Insurgents. They were led by Robert La Follette, senator from Wisconsin. The Insurgents claimed to follow the policies of the liberal Roosevelt so they combined with the Democrats to remove Joseph Cannon's powers as Speaker of the House. Before this action Cannon was able to appoint members to the powerful Committee on Rules.

⁹ Ibid., 48.

This committee had been packed with the "Stand-patters" but after its re-organisation the Insurgent-Democratic combine worked against President Taft. When La Follette debated in the special session of Congress, he gave "tariff revision" as the reason for the appearance of the Insurgents. The Progressives favored a tariff that would equalize the difference in cost of production abroad and at home. He then attacked President Taft's reciprocity as the opposite of the Republican platform pledge in 1908.¹⁰ The New York Tribune accused La Follette of attacking Taft because he wanted the nomination for the presidency in 1912.¹¹ Taft was now compelled to seek Democratic support to pass legislation. It was a dangerous thing to seek this help in the case of reciprocity because the Democrats sought to open discussion for free trade, a discussion which Taft did not want.

All of these activities by various groups pointed toward the coming November election. Taft too, had to find an issue to present to the voters. Meanwhile, the Canadian-French reciprocal agreement came within range of the minimum and maximum provision of the Payne-Aldrich Act which brought Canada and the United States into negotiations concerning tariff. These negotiations resulted in the suggestion of reciprocity by the United States. At the conference in Ottawa the United States threatened to put into force the maximum tariff on Canadian imports unless Canada would admit imports from the United States on the intermediate rate. The controversy was finally settled by granting the United States these rates on a selected list of articles in return for the minimum tariff on Canadian imports.

The first meeting to take place between the Canadian and American diplomats concerning reciprocity, was in November 1910, again at Ottawa. The

¹⁰ Congressional Record, 62 cong., 1 sess., 3141, supra, 15.

¹¹ New York Tribune, July 14, 1911.

conference turned on whether, and to what extent, the proposed agreement should include manufactured articles. The compromise which resulted pledged the United States to modify her demands and Canada to broaden her position from natural products to that of including some manufactured articles.

The last meeting to negotiate reciprocity at this time between Canada and the United States was held at Washington, January 1911. Philander S. Knox, Charles M. Pepper, and Chandler Anderson represented the United States; William S. Fielding and William Patterson represented Canada.¹² Agreement was reached on the sixteenth and announced on the twenty-first of January.

The House of Representatives gave Taft's message which announced the agreement a hearty response but the Senate did not share this enthusiasm as only thirty members gathered to hear the message read.¹³ Here indeed was a program appealing to large groups beyond mere party lines. At once the insurgent group opposed reciprocity because of emotional interests. They wanted tariff lowered but not on farm products. They claimed that reciprocity was not the revision promised by the Republicans. Senator Gore of Oklahoma greatly embarrassed the Insurgents by quoting from previous Congressional Records which recorded various Insurgents' statements that the existing tariff did not help the farmers. Senator Cummins of Iowa had maintained in June 1909, that tariff did not affect the price of wheat; Senator Nelson of Iowa said that farm prices were determined by the Liverpool market and therefore tariffs did the farmer no good; Senator Bristow of Kansas on August 2, 1909, contended that high duties on agriculture made the farmers think they were benefited but it was not true for farm prices were determined by the world market; Senator Mc Cumber said that the wheat surplus must be put on the world market which

¹² Ellis, op. cit., 61.

¹³ New York Tribune, January 27, 1911.

should keep down the domestic price--tariff or no tariff.¹⁴

Soon after the announcement of the agreement a bill from the State Department was referred to the Committee on Ways and Means. Chairman Payne refused to present it to the House. Consequently, Samuel Mc Call of Massachusetts introduced a bill to the House, "To promote Reciprocal Trade Relations with the Dominion of Canada." The minority report of the Committee on Ways and Means was introduced to the House by its chairman, John Dalzell of Pennsylvania, a report which was in sharp and critical opposition to the bill. The contents of the minority report showed the outlines of the arguments which the opposition would use in the coming debates:

...We regret that the bill has been prosecuted...with such undue and precipitate haste....The House of Representatives...where all bills raising revenue must originate under the Constitution...knew nothing about it. It is safe to say that no member of Congress had been consulted as to it or its terms....We protest against its passage for the following, among other reasons: (1) It renews a trade agreement with Canada similar to one that heretofore existed from 1854 to 1866, and the operation of which proved disastrous to the United States. (2) It is un-Republican. It proposed reciprocity in competing products, which is absolutely inconsistent with the policy of protection. (3) It is class legislation--it selects from out all the classes of our community the farmers, and deprives them of the protection accorded to all other classes. It compels him to produce in a free-trade market and to buy in a protected market. (4) The average Canadian wage-scale is below that of American wage-scale. The value of Canadian lands is below that of American lands.¹⁵

The Committee on Ways and Means opened the floor for hearings on the Mc Call bill, which was designated as H. R. 32216, on February 2, 1911. The first group to appear before the Committee represented the fishing interests. Those who caught the fish were in favor of protection on both the raw fish and the secondary fish products, those who manufactured the finished fish products wanted free trade only on the raw fish. Some of this group claimed that reciprocity in fisheries would bring English Channel fishing boats into the American fishing business. Other fishermen claimed that reciprocity

¹⁴ Congressional Record, 61 cong., 3 sess., 3166.

¹⁵ Ibid., 2375.

would mean more vessels, more fish, and higher prices. The type of argument seemed to depend on the type of fishing business in which the men were engaged.¹⁶ Mr. Thomas Carroll, manager of the Gorton Pew Company, claimed that the removal of the duty on fresh fish meant that the Canadians would capture that industry as they were near the fishing grounds. At the present, 1911, they were engaged in the salt fish industry because they got lower duty in the American markets on salt fish. Mr. Charles Wanson of Gloucester, Massachusetts, maintained that under the old reciprocity treaty with Canada the fishing business of the United States was much better. Wanson was a business man who desired access to the fresh fish of Canada.¹⁷

The next interest to be represented was that of agriculture. Representative Louis Hanna of North Dakota opposed reciprocity under the agreement made with Canada because it would place the products of his state on the free list; wheat, barley, oats, flax, horses, and cattle. On the other hand as soon as these products were manufactured into secondary products there was a duty placed on them. He protested making the farmers produce in an open market and buy in a protected market. Hanna then threatened the Republican party with the assertion that the Northwest farmers would swing to the other party if their protection was removed.¹⁸

Representatives of the North East and far Western agricultural interests were also present. These agricultural spokesmen argued that land cost more in the United States than in Canada; that labor was higher paid in the United States for the reason that Canada used foreign labor; that the farmers of the United States would migrate to Canada; and that farm produce prices in the United States would drop. Therefore, the present tariff schedule of the

¹⁶ Senate Doc., 61 cong., 3 sess., No. 717, 41.

¹⁷ *Ibid.*, 58.

¹⁸ *Ibid.*, 82.

Payne-Aldrich Tariff should be kept and the reciprocity agreement ought to be rejected.

The powerful lumber interests were represented by Mr. Edward Hines, President of the National Lumber Manufacturing Association.¹⁹ He claimed that lumber had already suffered from a 37½ percent reduction in lumber duties under the Payne-Aldrich Act of 1909. Then he argued that if Canadian-cut pulp wood was to have free admission, Canadian timber should also have the same treatment so it could be manufactured by United States' laborers. This plea was not the result of a deep concern for the laborers as much as it was that Hines was President of the St. Croix Manufacturing Company which had a large mill in Winton, Minnesota, just across the Canadian border.²⁰ Edward Hines further stated that lumber prices were cheaper than they were before the turn of the century in spite of the fact that wages and materials had advanced in price.

The malt manufacturers who appeared before the committee were divided in their opinion. The representative of the malt manufacturers in the Middle Western states was against reciprocity because it would place barley and barley malt on the free list. Canada would then set up malt houses of her own and ship barley malt instead of barley grain into the United States. The Eastern malt manufacturers were in favor of reciprocity because they could then get their barley from Canada without paying freight to haul it from the Middle West.²¹ The Western malt manufacturers joined other business interests when they read an obituary of the farmers if reciprocity were passed.

The paper mills were represented by Mr. E. M. Hugo of New York. He objected to the proposed agreement of reciprocity because it removed protection

¹⁹ Ibid., 85.

²⁰ Ibid., 86.

²¹ Ibid., 124.

from the paper mills but not from the materials from which paper is made, for the duty on paper machinery was 45 percent, and the duty on clay was \$2.50 a ton. Hugo strenuously objected to the free print paper item in as much as nothing was given to the paper manufacturers in return for giving up this protected material.

Mr. Aaron Jones appeared for the Executive Committee of the National Grange which was opposed to reciprocity. He maintained that this agreement would hurt the farmer. American farmers could not compete with Canada in production costs. The Canadian farmer paid lower duties on farm machinery under preferential schedules, his labor was cheaper, his land was cheaper, and he did not have to use a large amount of fertilizer. Then too, there were 100,000,000 acres of fertile prairie land in Canada which speculators hoped to increase in value by this reciprocity which in turn would decrease American lands' value. Jones argued that above all, reciprocity would help Canadian farm produce capture the American market.²³

Among those who testified before the Committee in favor of reciprocity were notably, James J. Hill of the Northern Pacific Association, E. W. McCullough of the National Implement and Vehicle Association of the United States of America, and J. Morris of the newspaper association. Hill did not appear in person but his views were read by the clerk of the committee. He thought reciprocity was a measure of true statesmanship. Intelligent men and women would approve the bill. It needs to be mentioned again that Hill had a number of branch lines of his railroad running to the Canadian border which would be greatly benefited by the agricultural freight that would occur from reciprocity. Morris claimed that the American paper makers had combined for price advance in print-paper by reason of the tariff on paper and pulp. Not

²³ Ibid., 238.

only that but the paper makers have exported more paper than Canada had shipped into the United States. Morris also claimed that all but two out of fifty print-paper makers were violating the Sherman law by restricting the use which could be made of the paper that they sold.²³ He further stated that the tariff enabled paper factories to work with obsolete machinery and to waste their materials. Mc Cullough simply stated that the Implement Companies were in favor of reciprocity.

In connection with the hearings it is interesting to note that later on in the spring the National Grange was accused of receiving financial aid and moral backing by other interested groups in the fight on reciprocity. Allen and Graham, professional lobbyists of New York and the spokesmen for the Grange, were accused by Senator Stone of receiving money from other interests.²⁴ The lumber and paper manufacturers were thought to be behind Allen and Graham although it was not proven. It was not denied as Allen did not have to answer the accusation for he was not under oath before the Finance Committee when questioned by Senator Stone. Senator Gore arose and said that Arthur Hastings, employed by the Pulp and Paper Company, lent his moral support to the firm, Allen and Graham, and he testified that T. A. Branson, secretary of the American Lumber Manufacturers Association, gave a personal contribution to Allen in defense of the American farmer.²⁵ President Taft likewise condemned the lumber and paper companies for he held them responsible for most of the opposition to reciprocity.²⁶

The Committee reported the bill favorably to the House by a vote of 12 to 7, on February 11. It was found that 6 of the 12 Republican members opposed the bill. The bill faced heavy going within the House and the Senate.

²³ Ibid., 243.

²⁴ New York Tribune, July 20, 1911.

²⁵ Congressional Record, 61 cong., 3 sess., 3165. (Senators Stone of Mich. and Gore of Okla.)

²⁶ Nation, June, 1911

In the first place there were many other issues demanding time from Congress. There was an attempt to create a new Tariff Commission, an effort to get rid of William Lorimer of Illinois, a proposal to amend the Constitution to provide for the direct election of Senators, and last but not least, the formation of the National Progressive Republican League of nine Senators and thirteen Representatives as its charter members.²⁷

The two day debate in the House opened with Representative Ebeneser J. Hill, Oscar W. Underwood, Champ Clark, Samuel W. Mc Call, and Isaac R. Sherwood supporting the bill and with Representative Eben W. Martin, George W. Morris, John M. Moore, George W. Prince, Andrew J. Volstead, John Dalzell, and J. Warren Keifer, opposing it. Those who favored reciprocity argued that it was within the idea of Republican tariff since a protective tariff presupposes reciprocity and trade agreements. Underwood claimed that the bill would reduce American taxes and that every item on the bill would be a reduction of the Payne-Aldrich law. Champ Clarke then made his famous remarks to the effect that the bill would help to plant the American flag over the British North American possessions.²⁸

The opposition claimed the farmer was being sacrificed for he alone was to be deprived of protection. Fishing and lumber interests were also said to be in danger of destruction if reciprocity were accepted. Dalzell claimed that reciprocity would destroy our revenue of five million dollars from Canada. Another argument set forth affirmed that the Northwestern wheat grower would suffer. The opponents answered the "high cost of living" argument by asserting it was due to the middlemen monopolies and high freight rates neither of

²⁷ Ellis, *op. cit.*, 95.

²⁸ Congressional Record, 61 cong., 3 sess., 2520; gangs, 18. (Representatives Hill, Conn.; Underwood, Ala.; Clark, Missouri; Mc Call, Mass.; Sherwood, Ohio; Martin, So. Dakota; Morris, Neb.; Moore, Texas; Prince, Ill.; Volstead, Minn.; Dalzell, Pa.; Keifer, Ohio.)

which reciprocity would not help. They further asserted that reciprocity would drive the paper mills to Canada.²⁹ Another argument of the opponents was that this bill was not constitutional since it did not originate in the House, the origin of all money bills. The last argument offered was that Canada would have to give the same preference to every other nation with whom she had a most-favored-nation clause.³⁰

The bill was passed on February 14, by a vote of 221 to 93. The affirmative vote was cast by 142 Democrats, 70 Republicans, and 9 Insurgents. The negative vote was taken from 5 Democrats, 70 Republicans and 18 Insurgents.³¹ The Democrats followed a plan which the Nation advised later, to accept reciprocity because it would hurt the protectionist party thereby helping the Democrats politically.³²

The Reciprocity bill was sent from the House on February 20, to the Senate Committee on Finance. Again the interests of the fisheries, agricultural, lumber, and paper appeared with the same arguments in protest, while the publishers' representative appeared in favor of reciprocity. By this time the Grangers had become well organized as the most powerful opponent of reciprocity. The lumber representative maintained that the admission of free Canadian timber would cause unemployment among American workers. Finally, Morris, representing the publishers, attacked the monopoly held by the paper interests.³³

The bill was reported out of the Senate Finance Committee to the Senate on February 24 without recommendation.³⁴ Debate lasted until February 28. No new arguments were added in this debate. The Northwest Senators led the

²⁹ Ibid., 2436.

³⁰ Ibid., 2556.

³¹ Wills, op. cit., 100.

³² Nation, March 9, 1911.

³³ Congressional Record, 61 cong., 3 sess., 2436.

³⁴ Ibid., 3309.

attack against reciprocity using "dangerous to the farmer" as their theme.³⁵ Because of wasted time in hearings and debates, the time-consuming factional disputes, and a clogged docket, the Senate failed to vote on the bill for reciprocity. This gave the Democrats the opportunity to debate reciprocity as a general tariff measure in the next session of Congress. President Taft immediately called a special session of the House and Senate to convene on April 4, as the sixty-second Congress.³⁶

Again the bill for reciprocity appeared before the House of Representatives. Oscar Underwood a Democrat in league with President Taft, was chairman of the Ways and Means Committee and he pushed the bill successfully through the parliamentary procedure of the House. Reciprocity passed the House without amendment, 267 to 89, and was pushed on to the Senate, July 22. It was favorably approved by the Committee on Finance after long and tedious hearings.³⁷

It was at this time that President Taft made a speech before the Associated Press and American Newspaper Publishers Association in New York. The President said that legislation should be decided favorably toward reciprocity. "England was at work trying to separate Canada from the United States by a system of preferential tariff...we must take reciprocity now or forever give it up."³⁸ The London Standard which referred to this speech announced that it would urge patriotic Canadians to oppose reciprocity. This speech together with his "parting of the ways" message of January 26, gave material to the Canadian Conservatives to fight reciprocity. At once, President Taft appealed to the public in order to check the amendments which were being proposed at the hearings.

35 Ibid., 3310.

36 Kills, op. cit., 103.

37 Ibid., 113.

38 Ibid., 113. (President Taft said that Canada was at the parting of the ways in her relationship to commerce).

Senator Mc Cumber of North Dakota opened the Senate debate on June 14. He said that Canadian wheat would lower the price in America in wheat and flour. The New York Tribune called Mc Cumber the "bitterest opponent" of reciprocity.³⁹ This epithet may have resulted from Mc Cumber's efforts to unearth newspaper conspiracy which sought to secure reciprocity. Nothing new was set forth in these Senate debates. The old arguments were repeated; the high cost of living, the principle of protection, Taft's illegal method of starting a finance bill, and the disadvantages to the farmer.

The Insurgents led by Borah, Bristow, Gronna, Cummins, and La Follette, helped support the many amendments proposed by Cummins. But through the assistance of Penrose and Bristow these amendments were rejected. Consequently, discord developed among the Insurgents so that some of their number changed back to President Taft's leadership.⁴⁰

Due to Penrose's parliamentary skill, when the dates were set for voting on various bills in the Senate, reciprocity was given first place. It was getting hot in Washington which moved the Senators to impatience for overdue vacations. La Follette made a "last stand" speech which reviewed Republican tariff and attacked President Taft's reciprocity. However, this speech seems to have been more as a bid for the Republican nomination for the Presidency.⁴¹

The amendments of the filibustering Insurgents came to a vote and they were all rejected by large majorities. The bill was read the third time and passed, 53 to 27, on July 22. Those who voted against it were: Bailey, a Democrat from Texas; Borah, Idaho; Boone, Oregon; Bristow, Kansas; Burnham, New Hampshire; Clapp, Minnesota; Clark, Wyoming; Clarke, Arkansas; Crawford, South Dakota; Cummins, Iowa; Custer, Kansas; Dixon, Montana; Gamble, South

³⁹ New York Tribune, June 8, 1911.

⁴⁰ New York Tribune, July 20, 1911.

⁴¹ Congressional Record, 62 cong., 1 sess., 3141.

Dakota; Gronna, North Dakota; Heyburn, Idaho; Kenyon, Iowa; La Follette, Wisconsin; Lippitt, Rhode Island; Lorimer, Illinois; Mc Cumber, North Dakota; Nelson, Minnesota; Oliver, Pennsylvania; Page, Vermont; Simon, North Carolina; Smith, Michigan; Smoot, Utah; and Warren, Wyoming. President Taft signed the reciprocity agreement, July 26. ⁴²

The labor which William Randolph Hearst performed for reciprocity was noteworthy. In 1910, Hearst owned seven papers which used four hundred tons of newsprint daily. Naturally he wanted free print paper and wood pulp. These papers blasted the trusts which supposedly opposed reciprocity. Such was the intensity of Mr. Hearst's work that he received a telegram from President Taft in appreciation of the work which his newspapers accomplished. ⁴³

The newspapers were indeed to be congratulated. The pulp and paper clauses of the reciprocity proposal was made independent of whatever action was taken on the bill. It went into effect immediately and lasted until the passage of the Underwood Tariff of 1913. The publishers' lobbyist had done their work well.

President Taft's sixteen months of hard labor were nullified by Canada's rejection of reciprocity. ⁴⁴ The propaganda of protected interests had done its work. A majority of the Canadian people was swayed by an appeal to patriotism; defeat of reciprocity would make Canada safe for Imperialism.

The Canadian refusal of reciprocity was a crushing political blow to President Taft. It was the one independent and major issue of his term in office. The President had risked his career, had rent his party, had taken aid from the Democrats, and had been publicly abused. President Taft was in Chicago attending a dinner when the telegram arrived which told of the defeat

⁴² Ibid., 3175.

⁴³ Ibid., op. cit., 139.

⁴⁴ Supra., 21.

of reciprocity. The President arose, read the telegram and said in his simple manner that he was sorry about the defeat. "It would be a loss to both countries....its political effect I can't calculate and I don't care about."⁴⁵

Canada's rejection of the proposed tariff agreement had its effect on the Republican and Democratic parties. The Republican party outlook for 1912 was confused. Reciprocity had opened completely the breach between the "Stand-patters" and the Insurgents. The Republican program was uncertain and the choice of a presidential candidate far from unanimous. The Democrats were brought into the limelight. The public was conscious that the Democrats had so lustily given President Taft their support for a lower tariff. Reciprocity had given the Democrats an issue which brought forth a unified leadership in 1912. They had a platform, a tremendous enthusiasm, and an appeal to the wage earning class which they carried into the campaign of 1912. Indeed, a tariff proposal which seemed trivial in its inception had a far-reaching significance for many groups.

Although the proposal of reciprocity was defeated in 1911 it was not in vain. The idea that there should be a mutual understanding in tariff-making between the United States and Canada did not disappear. It was to appear again in 1935 by the grace of a Democratic leadership.

⁴⁵ Henry F. Pringle, The Life And Times Of William Howard Taft, (New York, 1939), 599.

CHAPTER IV
THE PROPOSED RECIPROCITY OF 1911
AND THE 1938 AGREEMENT

The United States and Canada signed a trade agreement at Washington on November 17, 1938, which enlarged the first agreement signed November 15, 1935. These agreements with Canada were made possible by the Act of June 12, 1934, which amended the Smoot-Hawley Tariff Act of 1930.

The extended Act of 1938 with Canada was declared by President Roosevelt to be for the purpose of assisting in restoring the American standard of living, in overcoming domestic unemployment, in increasing the purchasing power of the American public, and in establishing and maintaining a better relationship among various branches of American agriculture, industry, mining and commerce.

This Act also gave President Roosevelt the power to enter into foreign trade agreements, to proclaim modifications of existing duties with the provision that such modifications shall not increase or decrease by more than 50 percent of the existing rate of duty and that no article shall be transferred between the dutiable and free lists, and to suspend the application to articles of any country because of its discriminatory treatment of American commerce when he found as a fact any undue restrictions on the foreign trade of the United States. This agreement applied to all foreign countries.¹

Under the 1938 agreement the United States and Canada guaranteed to accord

¹ Executive Agreement Series, Reciprocal Trade, No. 149.

each other unconditional most-favored-nation treatment with the exceptions as to trade agreements between the United States and Cuba, and between Canada and the other countries of the British empire. Each country would not impose quantitative restrictions upon imports from each other except such restrictions as become necessary by reason of governmental measures which sought to control domestic products. Either country could end the agreement upon thirty days notice if the rate of exchange between the currencies of the two countries varied too much. If a third country proved to be the principal beneficiary of a concession and threatened to injure domestic producers, the country which granted the concession could withdraw it.²

The first agreement with Canada in 1935 (into effect January 1, 1936) went far to remove the added barriers against trade with one another which both countries had raised in the depression years. The United States under the Tariff Act of 1930 had increased its duties on Canadian imports, likewise, Canada had raised its rates. These higher barriers plus a business depression brought a decline of the Canadian imports into the United States by 54 percent. Canadian imports from the United States had fallen as low as 67 percent. Two years after the Canadian-American agreement of 1936, Canadian imports from the United States had increased by 50 percent. The increase in Canadian imports from the United States during the two years that followed the 1935 agreement was almost identical with the increase in United States imports from Canada.³

Canada found herself in 1897 in a similar position to that of 1930 with regard to a prohibitive tariff in the United States. Consequently Canadian tariff increased against non-British countries. In 1903, Canada entered a British preferential system even as it did later on in 1930. Likewise in 1907,

² Department of State, The New Trade Agreement With Canada, XIX, 5, No. 477.

³ Ibid., 3.

Canada put into effect a triple-tariff schedule and gave the United States the "general tariff" as it did in the 1930's. The similarity of the two periods ends with the passage of the Payne-Aldrich Act of 1909 which maintained the prohibitive duties and ended the experiment of reciprocity.

Two of the outstanding differences between the attempted reciprocity with Canada in 1911 and the 1936 agreement were the unconditional most-favored-nation principle and the maintenance of protection by the establishment of quotas.

Since 1923, the principle of the unconditional most-favored-nation treatment had been used in the treaty structure of the United States. This principle meant that any tariff agreements made between two nations should be extended to all nations which had a most-favored-nation agreement with either or both of those two countries. The conditional most-favored-nation principle implied that no concessions should be granted to a third nation unless that nation gave an equivalent concession. This type of treaty afforded no protection against discrimination in foreign countries.⁴

The United States benefited from the unconditional principle in its agreement with Canada in 1936. Canada made an agreement with France on March 30, 1936, wherein Canada lowered its rates on rum and cigarette paper. Later the Canadian schedule gave the United States a reduction in its intermediate rates on 57 tariff items including machinery and clothing. This would not have happened under a conditional principle.⁵ With the unconditional principle in operation domestic producers were more cordial toward competition which arose from such an agreement because of the concessions obtained for their exports in foreign markets, operating under this unconditional principle.

The attempted reciprocity in 1911 between Canada and the United States

⁴ William S. Culbertson, Reciprocity (New York, 1937), 68.

⁵ Ibid., 82.

was greatly handicapped without this unconditional most-favored nation principle. It offered nothing to the domestic producer in exchange for the competition which he would encounter. If the United States and Canada had been operating under an unconditional most-favored-nation policy, the reluctance of the Canadian business man to accept the proffered reciprocity in 1911, might have been overcome by showing him the concessions of foreign markets which would result if the agreement were accepted by Canada.

The second feature of the 1938 Agreement between Canada and the United States which was absent from the 1911 proceedings was the method of maintaining protection to producers through the limitations of quantities in imports. Absolute quantitative quotas were not used under the 1938 agreement but custom quotas were used to limit the amount of a product imported under the lower duty rate.⁶ Imports could continue to come in after the exhaustion of the quota if they would pay the higher duty. Perhaps if this feature had been included in the 1911 reciprocity proceedings some of the economic interests of the United States might not have raised such opposition to the proposal.

An examination of the contents of the revised 1938 agreement between the United States and Canada revealed a striking similarity to the schedules under the proposed 1911 reciprocity between these two nations. The similarity was found not only in some of the items included but in the rates established on these items. In fact, the proposed 1911 reciprocity schedules might well have been used as a model for the revised 1938 agreement between Canada and the United States. This similarity may be seen in the following comparison of the two tariffs which were compiled from the 1911 and 1938 tariff schedules.

⁶ Ibid., 99.

Table 1. Canadian concessions to the United States

1911		1938	
Agricultural products			
Fresh fruits and vegetables-----	free	Fresh fruits and vegetables	
		Free avocados to 37½¢ per one hundred pounds on potatoes	
Dried fruits and vegetables--	free	Dried fruits and vegetables	
		Dried vegetables-----	22½ p.c.
		Dried fruits-----	15 p.c.
		Fruit juices-----	15 p.c.
		Fruit syrups-----	20 p.c.
Livestock and products		Livestock and products	
Hogs-----	free	Hogs, per pound-----	1¢
Fresh pork, per pound----	1½¢	Fresh pork, per pound----	1½¢
Bacon, hams, and other		Bacon, hams, and other	
pork-----	1½¢	pork-----	1½¢
Grain and grain products		Grain and grain products	
Corn-----	free	Corn, per bushel-----	10¢
Oats-----	free	Oats, per bushel-----	5¢
Oatmeal and rolled oats,		Oatmeal and rolled oats,	
per one hundred pounds--	50¢	per one hundred pounds--	50¢
Non-agricultural products			
Pulp of wood-----	free	Pulp of wood-----	free
Surgical dressings-----	17½ p.c.	Surgical dressings-----	20 p.c.
Metals and minerals		Metals and minerals	
Plates of iron or steel--	free	Plates of iron or steel,	
		per ton-----	\$8.00
Sheets of iron or steel--	free	Sheets of iron or steel,	
		per ton-----	\$6.00
Coal, soft, per ton-----	45¢	Coal, soft, per ton-----	75¢
Coke-----	free	Coke, per ton-----	\$1.00

Table 1 (cont.)

Non-metallic minerals	
Asbestos, crude-----	22½ p.c.
Paving stones-----	22½ p.c.

Other manufactures	
Plate glass, not beveled from 7 to 25 square feet-----	25 p.c.
Clocks and clock cases-----	27½ p.c.
Cream separators-----	free
Cultivators, harvesters, and plows-----	15 p.c.
Farm wagons-----	23½ p.c.
Typesetting and type- casting machines-----	free
Musical instruments cases and fancy cases-----	30 p.c.

Lumber	
Sawn and split planks-----	free
Sawn and split planks, dressed on one side-----	free

Non-metallic minerals	
Asbestos, crude-----	20 p.c.
Paving stones-----	20 p.c.

Other manufactures	
Plate glass, not beveled from 7 to 25 square feet-----	30 p.c.
Clocks and clock cases-----	30 p.c.
Cream separators-----	free
Cultivators, harvesters, and plows-----	7½ p.c.
Farm wagons-----	15 p.c.
Typesetting and type- casting machines-----	free
Musical instruments cases and fancy cases-----	30 p.c.

Lumber	
Sawn and split planks-----	free
Sawn and split planks, dressed on one side-----	free

Table 2. United States concessions

1911	1938
Agricultural Products	
Live animals and products	
Cattle-----	free
Swine-----	free
Fish, fresh-----	free
Pork, fresh or chilled, per pound-----	1½¢
Bacon, ham and other pork, per pound-----	1½¢
Other agricultural products	
Maple sugar, per pound-----	1¢
Maple sirup, per pound-----	1¢
Fresh fruits-----	free
Live animals and products	
Cattle, per pound-----	1½¢
Swine, per pound-----	1¢
Fish, fresh or frozen, per pound-----	¾¢ to 1 7/8¢
Pork, fresh or chilled, per pound-----	1½¢
Bacon, ham, and other pork, per pound-----	2¢
Other agricultural products	
Maple sugar, per pound-----	1¢
Maple sirup, per pound-----	2¢
Fresh fruits-----	¾¢ to 1 7/8¢

Table 2. (concl.)

Non-agricultural products			
Commercial paper-----	free	Commercial paper, per pound-----	3¢
Agricultural manufactures		Agricultural manufactures	
Cream separators-----	free	Cream separators-----	free
Flows, harrows, wagons, and reapers-----	15 p.c. to 22½ p.c.	Flows, harrows, wagons, and reapers-----	free
Mechanically ground wood pulp-----	free	Mechanically ground wood pulp-----	free
Newsprint paper-----	free	Newsprint paper-----	free
Lumber		Lumber	
Shingles, per thousand---	30¢	Shingles-----	free
Hewn timber-----	free	Hewn timber-----	free
Dressed lumber, per thousand feet-----	50¢ to \$1.50	Dressed lumber, per thousand feet-----	\$1.50
Non-metallic products		Non-metallic products	
Asbestos, crude-----	free	Asbestos, crude-----	free
Stone, crushed-----	12½ p.c.	Stone, crushed-----	15 p.c.
Salt-----	free	Salt, bulk, per hundred pounds-----	4¢
Aluminum, crude, per pound-----	5¢	Aluminum, crude, per pound-----	2¢

The identical rates in agricultural products in the Canadian concessions occurred in the products of livestock and grain. In each schedule fresh pork was dutied at $1\frac{1}{4}$ cents per pound, bacon, hams, and other pork at 50 cents per hundred pounds.

In the non-agricultural group of the Canadian concessions the following articles were identical in duty: pulp of wood, typecasting and typesetting machines, musical instruments cases and fancy cases, sawn and split planks, and sawn planks dressed on one side.

The only identical rate in the agricultural concessions of the United States was the $1\frac{1}{4}$ cents duty on pork. In the non-agricultural articles the following items carried identical rates: cream separators, wood pulp, newspaper, hewn timber, crude asbestos, and dressed lumber.

The 1938 agreement while containing the greater part of the 1911 schedules had in addition the following: chemicals and drugs, textiles, rubber goods, electrical supplies, and furs, hides, and skins. These items reflect newer or more recent industrial developments. The 1938 schedules detailed their contents in contrast to the 1911 schedules which primarily left their contents in generalised forms.

It has been interesting to speculate why Canada refused the preferred 1911 reciprocity reductions of the United States and yet accepted a similar agreement in 1938. Before 1914, the spirit of annexation haunted Canadian patriots and fired the minds of expansionists in the United States. The World War ended this. The failure of the United States to get into the war soon enough and her reluctance to join the League of Nations stamped out any feeling of pro-annexation among Canadians. The participation of Canada in the World War made her a full-fledged nation. She acquired a foreign office of her own and she joined the League of Nations. The World War silenced the

agitation of "manifest destiny" in the United States to annex North America.⁷ This fact plus a great depression found a ready response in Canada to a trade agreement in reciprocity in 1936.

The 1911 episode marked a definite stage in the growth of reciprocity procedure. It was of indefinite duration and was to be effectuated by concurrent legislation. Consequently it was beset by the play of propagandist forces.⁸ The reciprocity of 1936, revised in 1938, was placed in operation by a Presidential proclamation without notoriety. Although there has been no admission by the Democrats that the schedules of 1911 were used as a basis for the agreement of 1936 (revised in 1938), the comparison of schedules gave a strong suspicion in that direction. One point is clear. The proceedings of the attempted reciprocity agreement were not in vain.

⁷ Samuel P. Bemis, A Diplomatic History of the United States (New York, 1937), 774.

⁸ Lewis E. Ellis, Reciprocity, 1911 (New Haven, 1939), 8.

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APPENDIX

Table 3. Percentages of Reduction on Selected Items
In The 1911 Reciprocity Proposal

Articles	Reduction by United States	Reduction by Canada
Fresh meats.....	16.67	50.33
Canned vegetables.....	55.6	16.67
Oatmeal and rolled oats.....	50.0	16.67
Maple sugar and sirup.....	75.	50.0
Fruit juices.....	70.0	12.5
Flows, drills, etc.	14.3 or 25.0
Cutlery.....	31.25	8.33
Braes band instruments.....	50.0	10.0
Clocks, watches, etc.	31.25	8.33
Plate glass.....	75.0	9.1
Aluminum, in crude form.....	28.6
Laths.....	50.0
Shingles.....	40.0
Iron ore.....	23.33
Coal slack.....